

New Product Testing Service: Peapod and KN Alliance

Read New Product Vitality & Consumer Attitudes with Limited Product Quantities

Testing to answer: “Do I have something here?”

Successful new products bring incremental volume and buyers to your organization. Yet testing new product consumer acceptance in-store can be costly, time consuming and sometimes too complex for your needs. Very often you simply are not at the stage where you need a national forecast or have the ability to produce large product quantities for a full-blown controlled store test.

To address this early-stage need, KN (Knowledge Networks) and Peapod, the largest U.S. Internet grocer, have formed an alliance that enables you to test new products in two Peapod geographies – Chicago and Baltimore/Washington D.C .

The benefits to you are:

- Consumer-based Trial & Repeat vs. Concept and IHUT (Top 2 Box)
- Easy setup relative to brick & mortar
- Limited product quantity requirements

- Two geographies (Chicago & Baltimore/Washington) to simultaneously test product (Version “A” vs. Version “B”)
- The ability to survey buyers and rejecters
- Stealth testing – fly below your competitors’ radar

Peapod-Based Options for Testing New Products

KN offers the option to test within the **Peapod Mainstream**, such that your new product is available to all Peapod customers; tests typically last 12 to 36 weeks to get a solid read on consumer trial and repeat purchasing.

When confidentiality needs are high, an answer is required in 8 weeks or less, and new product quantities are very limited, we can conduct a **Peapod Select** test, in which the new product is available only to a small group of Peapod customers who have opted-in to the new product test by joining the Peapod Select Club.



Merchandising events are available for each test as depicted here.

Peapod Select Club Testing

Confidentiality and fast turnaround to meet your needs are provided when you use Peapod Select for your new product testing.

Once the Peapod customer has joined Peapod Select, KN chooses them for participation in your new product test based on prior Peapod purchase patterns and sample size requirements. KN sends matched household IDs to Peapod, and Peapod creates a custom Home Page featuring your new product, either by itself or with other items, which only selected Peapod customers see every time they login to www.peapod.com.

Sales are monitored daily by Peapod, and the Peapod Select Home Page is turned off when product quantities run out. As a result, KN can provide volumetric vitality of your new product quickly and easily.

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Peapod Test Markets

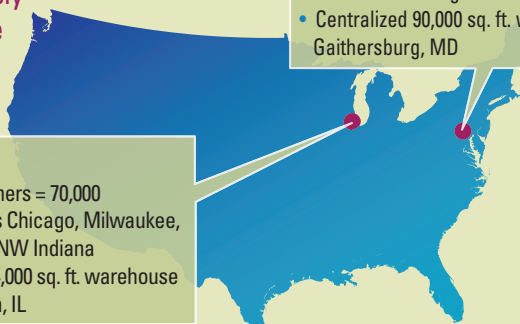
Two geographies allow KN to simultaneously test alternate strategies (A vs. B).

CHICAGO:

- Active Customers = 70,000
- Service Areas Chicago, Milwaukee, Madison and NW Indiana
- Centralized 74,000 sq. ft. warehouse in Lake Zurich, IL

BALT/WASH:

- Active Customers = 61,000
- Service Areas Baltimore, Washington D.C. and Northern Virginia
- Centralized 90,000 sq. ft. warehouse in Gaithersburg, MD



New Product Testing Service *Continued from other side*

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New Product Trier/Rejecter Surveys

Knowing volume is important – yet so is the ‘why’ in consumers’ acceptance or rejection of the new product. To support this need, KN can host online surveys to those who have tried the new product as well as rejected it. Custom short surveys will be sent to those who have opted-in to assess reasons for purchase or rejection, likeability, value, and repurchase intent.

Test Result Example Report

New Product X	Actual	DB Median	Database Percentile Rank				
			Bottom		Middle		Top
			1-19th	20-39th	40-59th	60-79th	80-100th
Unit Sales/100 HH	9.7	8.9			0.59		
Trial Rate	5.3	4.6				0.65	
Units per Trial Purchase	1.1	1.1			0.51		
First Repeat Rate	31.2	29.2			0.56		
Units per First Repeat Purchase	1.2	1.3		0.37			
Additional Repeat per Repeater	0.86	1.12		0.22			
Units per Additional Repeat Purchase	1.3	1.4		0.33			

Analysis of Peapod New Product Tests

Our analyses are developed in consultation with you to fit your needs and can bring you great breadth by providing a view of

volume, as well as trial purchase and, in some cases, depth of repeat combined with a consumer view of attitudes about the new product. Additionally, if sample size is sufficient, we can look at vitality within buyer groups and conduct a Source of Volume analysis based on actual Peapod purchase data.

Repeat Purchase Intent:

Product X's Repeat Purchase Intent levels fell in the Bottom 20% of the New Products database

N= Product X Triers	53
Top 2 Box	83.0
Definitely Would Buy Again	54.7
Probably Would Buy Again	28.3
Might/Might Not Buy Again	7.5
Probably Would Not Buy Again	7.5
Definitely Would Not Buy Again	2.0
	100.0

DB Median	Database Percentile Rank*		
	Bott 20%	Midd 20%	Top 20%
86.5	0.12		
	0.11		

*Normative database will be created over time which will allow us to make these comparisons

KN Project Management

Your day is filled, so you can rely on KN to be responsible for handling all the details, from getting the new items into Peapod's system to providing all the analytic support needed to fulfill your test design.

Performance vs. Expectations:

- “Better Than Expected” levels were high, reaching the 98th percentile of the database.
- This result, coupled with low repeat Purchase Intent, suggests low in-going expectations about the product rather than superior performance.

N= Product X Triers	53
Better Than Expected	67.9
As Expected	24.5
Worse Than Expected	7.5
	99.9

DB Median	Database Percentile Rank*		
	Bott 20%	Midd 20%	Top 20%
41.4			0.98
6.4		0.55	

* Normative database will be created over time which will allow us to make these comparisons.



For more details

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